

Student Loan Relief

By LCDR Tanya Cruz
Administrative Law (Code 13)

The majority of judge advocates enter the service with substantial student loan debt. There are a number of programs currently available to judge advocates that are designed to provide student loan relief.

Student Loan Forgiveness

The College Cost Reduction and Access Act (CCRAA) of 2007 significantly expanded federal student loan forgiveness by establishing the Public Service Loan Forgiveness Program which applies to a broad category of public service employees, including military members. The Public Service Loan Forgiveness Program discharges any remaining student loan debt (principal and accrued interest) after a borrower makes 120 qualifying monthly payments on Federal Direct or Federal Direct Consolidation loans while employed full-time in a qualifying public service. The CCRAA also established a new Income Based Repayment (IBR), one of the “qualifying” payment types for the Public Service Loan Forgiveness, which provides for affordable monthly payments that are no more than 15% of a borrower’s discretionary income. The Public Service Loan Forgiveness Program took effect in October 2007 and the IBR will take effect in July 2009.

In addition, judge advocates may qualify for Perkins loan forgiveness. The Perkins Loan Forgiveness Program applies to certain public service positions, including members serving as full time “law enforcement officers” (applies to prosecution billets)

and members serving in areas of hostilities.

Loan Deferment

Student loan deferment for military members is available for all types of federal student loans. Prior to the CCRAA, military deferment for federal student loans was limited to 3 years. The CCRAA expanded the military deferment by eliminating the 3-year time limit. However, a borrower should carefully consider the option to defer federal student loans that may be eligible for the Public Service Loan Forgiveness and IBR because deferring such student loans will only delay the period to make the 120 qualifying payments required for loan forgiveness. Furthermore, for purposes of the Public Service Loan Forgiveness and IBR, borrowers are encouraged to begin making IBR payments early on while income is lower.

The CCRAA also enhanced benefits for mobilized reservists by extending the time period covered by military service deferments. The deferment period for borrowers whose qualifying active duty service begins on or after October 1, 2007 is extended for an additional

180 days following the date the borrower is demobilized from that active duty service. The additional 180-day deferment period is available each time a borrower is demobilized at the conclusion of an eligible active duty service that supports the military deferment.

Deferment may also be available for private student loans depending on the lending institution. Judge advocates are encouraged

to consult with their private lenders regarding the types of student loan deferments that may be available.

Student Loan Interest

The Higher Education Opportunity Act (HEOA) provides for reduced student loan interest rates for military members. Pursuant to the HEOA, the interest rate limitations (6%) under the Service member’s Civil Relief Act (SCRA) apply to Federal Family Education Loans. Note, the SCRA interest rate limitation is also available for *private* student loans entered into prior to active service. In addition, pursuant to the HEOA, interest does not accrue for up to 5 years on Federal Direct Loans disbursed on or after October 1, 2008 for borrowers serving on active duty during a war or other military operation or national emergency, in areas of hostility.

Judge Advocate Continuation Pay

Judge Advocate Continuation Pay (JACP) is an incentive pay available to judge advocates. JACP is intended to alleviate the financial burden of student loan debt on judge advocates. JACP totals \$60,000 and is paid in three phases over an eligible judge advocate’s career. An officer who accepts JACP also accepts a service obligation with each payment.

Ongoing Initiatives

While the above programs provide substantial benefits in the area of student loan relief, reform is in order. The JAG Corps is working with the other Services and has briefed the American Bar Association (ABA) Military Law Committee on matters involving student loan relief initiatives and areas for reform.

Student Loan Forgiveness (CCRAA IBR)

As previously discussed, the CCRAA IBR limits student loan monthly payments to no more than 15% of a borrower’s discretionary income. The IBR



formula calculates monthly payments factoring adjusted gross income, household size and poverty guidelines. Therefore, when two married individuals both have student loan debt and file joint tax returns, they will be required to pay up to double the monthly loan payment of two unmarried borrowers in otherwise identical situations. Currently, the law authorizes married borrowers to file taxes separately for purposes of the CCRAA. However, this is not ideal. Further reform is necessary to enable married borrowers to take advantage of the CCRAA IBR payments (and Public Service Loan Forgiveness) without foregoing valuable tax benefits of filing joint tax returns.

Student Loan Repayment

Student loan repayment programs, as distinguished from student loan forgiveness programs, allow agencies (or organizations) to repay all or a portion of incurred educational loan obligations. Student loan repayment programs fall under the authority of the agency (or organization) responsible for the loan repayment program. In addition, student loan repayment programs may apply to federal and/or private student loans. Finally, student loan repayment may occur while the borrower is in school or while the borrower is employed by the agency; however, a borrower must agree to remain serving with the agency for a specified period of time.

Within the Department of Defense, the authority for student loan repayment for officer programs in specified military specialties falls under 10 U.S.C. § 2171. Student loan repayment for officers is subject to implementation by each military department. The Navy has not implemented a student loan repayment program for any officer program under the authority of 10 U.S.C. § 2171. A student loan repayment program for judge advocates pursuant to the authority of 10 U.S.C. § 2171 is currently under consideration.

In addition, many law schools offer student loan repayment programs for graduates who wish to pursue careers in public service. Judge advocates are encouraged to consult with their law school financial aid offices regarding available student loan repayment programs. A list of law schools with student loan repayment programs can be found at: <http://www.equaljusticeworks.org/node/447>.

In order to maximize the benefits of student loan relief programs (e.g., CCRAA Public Service Loan Forgiveness Program), a change to the structure of JACP is currently under consideration that would work most effectively with student loan relief programs.

This article only provides a general description of various student loan relief programs available to judge advocates. Further information is also posted on the JAG careers website. JAG Corps leadership will continue to pursue key areas for reform in order to improve overall access and availability of such programs to the widest audience of judge advocates and prospective judge advocates.